CRYPTO REVOLUTION

THE NEW AGE OF WEALTH AND UTILITY

THOMAS SPARKS

VISIT…

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To My Wife,

If there be one thing pure, where all beside is sullied,

That can endure, when all else pass away;

If there be aught, surpassing human deed, or word, or thought,

Tis' the love I bear to you.

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Introduction

In the coming decade, cryptocurrency is poised to revolutionize and become one of the most important drivers of global financial systems. Institutional and retail investors have poured large sums of money into the cryptocurrency market, and the rate of advancement in the field of blockchain has never been quicker. As cryptocurrencies are expected to be a disruptive force in a variety of industries, it will be critical for us to understand what they are and how they function.

Unfortunately, the average individual has little knowledge of what cryptocurrencies are or what utility they serve other than that they are assets to be invested in. The promise and potential of cryptocurrencies and blockchain technology are unimaginable, and they will definitely have a significant impact on how the world develops in the following decades.

I first started investing in cryptocurrencies as I saw the potential that they had to change how the world worked. As I ventured into the world of cryptocurrencies, I learnt techniques to identify high-quality projects that remain under the radar and this allowed me to generate significant returns on my investments which went on to change my life completely.

I vividly remember writing the biggest check I had ever written in my life and delivering it to the bank to pay off the remaining sum on my property and this was only made possible through my investments in cryptocurrencies.

The best investments that I have made include Dogecoin (DOGE) and Ravencoin (RVN), both of which generated upwards of 2000% profit on my initial investment. To this day, I continue to invest tens of thousands of dollars into cryptocurrencies, which is a testament to my belief in this new technology and asset class.

Currently, I am extremely bullish on Digibyte (DGB), a scalable peer-to-peer digital currency that aims to facilitate rapid transactions with

little to no fees. I do highly encourage you to read up on the project, and potentially invest in it if you believe in the philosophies of the project.

The reason why I am writing this book is that I want to educate the world on the intricacies of cryptocurrencies, as well as clear up some of the biggest misconceptions about them. Investing in cryptocurrencies is like investing in the Internet in the early 1990s, and you will not want to miss out on it.

In this book, we will investigate the world of cryptocurrencies in order to get a better understanding of its complexities. Additionally, its performance as an asset class over the next decade will be discussed.

CHAPTER ONE

HOW CRYPTOCURRENCIES CAME TO BE

"The root problem with conventional currency is all the trust that's required to make it work. The central bank must be trusted not to debase the currency, but the history of fiat currencies is full of breaches of that trust. Banks must be trusted to hold our money and transfer it electronically, but they lend it out in waves of credit bubbles with barely a fraction in reserve. We have to trust them with our privacy, trust them not to let identity thieves drain our accounts."

- Satoshi Nakamoto, the Founder of Bitcoin

Bitcoin, the first contemporary cryptocurrency, was launched in 2009 and was built on the ground-breaking blockchain technology. While it was founded on lofty principles such as financial liberty, it was first primarily used to enable criminal transactions, resulting in widespread condemnation that continues to this day.

Fortunately, the gradual evolution of the cryptocurrency ecosystem has allowed such attitudes to evolve and the current general outlook on cryptocurrencies are more positive.

1.1 BITCOIN, THE FIRST MODERN CRYPTOCURRENCY

Bitcoin was first founded on January 3rd, 2009, by a person who went by the pseudonym Satoshi Nakamoto. It's unlikely that Bitcoin was created coincidentally with the Great Financial Crisis of 2008.

Bitcoin might thus be seen as a reaction to the irresponsible decisions made by the leaders of the financial world, both before and after the financial crisis. Mortgage-backed securities were handled carelessly, resulting in the formation of a bubble.

As a result of the collapse of that bubble, numerous financial institutions were on the point of going bankrupt, and the world descended into financial chaos. These banks were deemed too large to fail at this point and were instead bailed out by the government.

The world was exposed to the injustices of the existing financial system, in which the wealthy and powerful were handed lifelines despite their incompetence, while lower-income households were disproportionately harmed by the crisis.

This culminated in the invention of Bitcoin by a person who was dissatisfied with the current situation. The line "The Times 3/Jan/2009 Chancellor on eve of second bailout for banks" was recorded in the first block, the genesis block, of the Bitcoin network. This further cemented the notion that Bitcoin was founded as a currency to liberate its users from the inequitable financial structures that dominated the world at the time.

Only a maximum of 21 million Bitcoins will be mined, according to the restrictions established at the time of its establishment. Bitcoin's value proposition would subsequently be largely influenced by its fixed low supply.

1.2 THE PHILOSOPHIES BEHIND THE FOUNDING OF BITCOIN

Bitcoin was designed to be decentralized, which means it cannot be governed by a single person or group. No single institution will have control over the currency because no one will be able to implement new monetary and regulatory regulations for the currency.

To assuage any concerns or suspicions about the project's legitimacy, all of the principles of Bitcoin were implemented from the start, and these regulations have been apparent. Bitcoin users will thus be able to remain assured that the digital currency will remain true to its original values from beginning to end.

1.2.1 AN ACT OF REBELLION AGAINST EXISTING CORRUPT AND UNJUST FINANCIAL SYSTEMS

Satoshi Nakamoto established Bitcoin as a means of escaping today's corrupt monetary systems where the wealthy are actively aided by financial regulatory bodies. The market crash of 2008 resulted in the failure of a huge number of businesses and the loss of over half of the stock market's value.

Satoshi Nakamoto claims that we are currently living in oppressive capitalist regimes, and that we are all subject to constantly shifting rules that reward the wealthy while leaving the poor to fend for themselves. As a result, Bitcoin is designed to appeal to individuals who want an alternative money that is objective rather than prejudiced based on social status.

Unlike the dollar, which is printed to reflect an increasing quantity of wealth to reflect a rise in the numbers of the general production, Bitcoin is designed to act as a stable, limited-supply means of exchange that becomes scarcer by the day. Due to the increase in scarcity, the value of each unit of Bitcoin will increase with time. This helps to protect our savings which then cancels out the effect of price

inflation, which disproportionately affects lower-income people.

1.2.2 FINANCIAL LIBERATION

The adoption of Bitcoin has allowed repressed individuals to work and flee tyrannical regimes because of its deflationary nature. Governments are unable to seize cryptocurrency assets from innocent citizens because individual assets cannot be tracked. Citizens will also be safe against tyrannical administrations that mismanage their monetary and fiscal policies.

In more severe circumstances, ineffective monetary policies may lead to countries experiencing hyperinflation, which can wipe out the wealth and savings of the population. It has been demonstrated in Venezuela that Bitcoin may be an effective anti-hyperinflation tool.

Venezuelans have experienced yearly inflation rates of thousands of percent points since 2016, with an all-time-high of about 60,000 percent in 2018. The entire economy was on the verge of collapsing, and assets had lost their value. The average monthly wage in the country had fallen, and few employees were willing to work or seek jobs because their wages would simply become worthless by the next day.

Countries such as the hermit kingdom of North Korea has also acquired and kept massive amounts of Bitcoins as a protective mechanism against potential economic sanctions. International non-governmental organizations (or non-profit) that aim to help citizens in vulnerable and undeveloped nations have started using Bitcoin to ship and distribute items in those areas.

With Bitcoins being used as the main medium of value representation, all economic agents such as workers and business owners are able to make a reasonable profit and keep their earnings, thus encouraging them to continue to remain productive and generate economic value. These are just a few examples that demonstrate Bitcoin's legitimacy as a lawful means of achieving financial liberty.

1.3 10,000 BITCOINS FOR TWO PIZZAS

The story of how 10,000 Bitcoins were exchanged for two large pizzas has cemented itself in Bitcoin history as one of the most intriguing stories during its early days.

In May 2010, a request was made on a cryptocurrency forum, whereby the poster offered 10,000 Bitcoins in change for the delivery of two large pizzas. This was a fair deal at that point in time, with 10,000 Bitcoins being valued at 41 USD.

The deal was taken up by a 19-year-old student from California, who would have more than $450 million if he held onto these Bitcoins. These figures show how far Bitcoin has come since then.

1.4 THE RISE OF ETHEREUM

Ethereum is currently the second largest cryptocurrency, and it is regarded as the project that pushed the limits of what blockchain technology can achieve. Before Ethereum, blockchain technology was mostly utilized to speed up transactions and act as a stand-in for traditional currencies.

Following the creation of Ethereum, numerous new projects have been able to leverage its blockchain network as a launch platform. It also supports decentralized finance applications, smart contracts, and NFTs. As a result, it can be considered the cryptocurrency that propelled blockchain technology to new heights in terms of technological acumen and capacities.

Ethereum was first proposed in 2013 by Vitalik Buterin, a Russian-Canadian programmer, with funding procedures taking place in 2014 and the network going online on July 30, 2015. Ethereum's initial supply was set at 72 million coins, with fresh Ethers created via the Proof of Work technique.

1.5 THE CATALYST OF A BLOCKCHAIN REVOLUTION

Ethereum was created with the goal of enabling the development of decentralized applications. Buterin also desired a cryptocurrency with specific scripting languages that would allow real-world assets to be linked to the blockchain.

This resulted in the development of Solidity, the language used to code smart contracts on the Ethereum network, and, eventually, the development of Ethereum itself. The Ethereum Foundation was established as a non-profit organization in 2014, and it is still in charge of the project's technical development.

The Ethereum network has come a long way since its inception, thanks to the Ethereum Foundation and the Ethereum Improvement Proposal development group, with frequent enhancements being introduced to its functionality.

The ability of Ethereum to service a wide range of industrial purposes is credited with igniting a blockchain revolution, allowing outsiders to get a glimpse into the true potential of blockchain. The simplicity with which new cryptocurrency ventures can be launched has also sparked increased interest in the space.

Since then, Ethereum and all other cryptocurrency projects have been referred to as "altcoins."

1.6 CONTEMPORARY CRITICISMS AGAINST THE SECURITY AND LEGITIMACY OF CRYPTOCURRENCIES

One of the biggest misconceptions held by people outside of the cryptocurrency space is that banks and brokerages are FDIC insured, while cryptocurrencies are not. This thus means that money is safer kept in banks and brokerages instead of cryptocurrencies. Flaws in this idea can be identified from multiple aspects.

To begin, cryptocurrencies were created as a tool of financial liberation, whereby you will be able to maintain full control over your assets as opposed to having a financial institution manage them for you. Most financial institutions are required to comply with a strict set of rules that have been drafted for the industry. In addition, any requests delivered by the government will have to be complied with. This means that while your money is technically yours, it is still subject to external influence.

On the other hand, when you hold your cryptocurrencies in your own wallet, it is fully yours and only you will be able to access it. No other entity will be able to control what you do with your holdings. This has significant implications especially for people who live under unstable governments who may randomly impose draconian rules on the country's financial system at a whim. Hence, through this point, cryptocurrencies are arguable much safer as compared to government-issued cash.

With regards to banks and brokerages having the advantage of being FDIC insured, most cryptocurrency exchanges today are also insured. Hence, investors who keep their cryptocurrency holdings in their wallets on exchanges will have little to worry about in the event of their funds going missing.

In addition, most large exchanges keep the majority of their holdings

in a cold wallet. Cold wallets are kept offline, and are thus rendered completely inaccessible to anyone who intends to steal funds from the wallet. Keeping your cryptocurrency holdings in your own cryptocurrency hardware wallet is also extremely safe. No one will be able to access it unless they have your private key. Hence, all you have to do is to keep your private key safe.

In this case, there may be no need for any form of insurance as cryptocurrency wallets are secured to the highest measure and to date, there has been no reports of successful attacks being carried out on cryptocurrency hardware wallets.

CHAPTER TWO

UNDERSTANDING BLOCKCHAIN

"The blockchain does one thing: It replaces third-party trust with mathematical proof that something happened."

- Adam Draper, Venture Capitalist and Early Investor in Coinbase

This new technology, known as blockchain, underpins the whole cryptocurrency sector. Unfortunately, the complex mechanisms of blockchains may have contributed to the overall lack of understanding of how they work. It is not uncommon to hear about cryptocurrency investors and enthusiasts who are unfamiliar with how blockchain works. The inner workings of blockchain will be discussed in this chapter, as well as how they are critical for promoting blockchain technology as the data management solution of the future.

2.1 UTILIZING CRYPTOGRAPHY AS A MEANS OF DATA ENCRYPTION

Individual blocks will include all of the data that will be stored on the blockchain. These blocks will subsequently be cryptographically connected to form a blockchain. A cryptographic hash of the preceding block in the blockchain will be included in each new block, along with a timestamp for the block creation time. In addition, new transactional data will be recorded permanently on every new block.

Cryptography in blockchain refers to the process of encrypting data using mathematical algorithms developed as part of a set of rules specific to each project. This will provide a layer of security to the data stored on the blockchain, allowing us to validate the contents of the data while at the same time preventing us from deriving the contents of the data using a cryptographic hash. Cryptographic hashes are created by sending messages through mathematical algorithms that produce a specific hash result that matches the exact input of data.

It is critical when employing a cryptographic technique to encrypt data to prevent the message from being reverse-engineered. As a result, practically all blockchains employ the avalanche effect, in which a tiny change in the text of your message causes the hash output to alter completely. Hence, decoding private data stored on the blockchain would be near impossible.

2.2 IMMUTABLE DATA RECORDS

One of the distinguishing features of blockchain technology in the field of data management is its high level of security and the immutability of the data stored. This implies that anyone checking the data on the blockchain may be confident that it is completely original and has not been tampered with. Its high level of data security has made it one of the best digital techniques for tracking digital asset transfers. As a result, blockchain has been generally described as immutable.

This feature of blockchain has given cryptocurrencies a significant advantage over traditional currencies, as it protects the former from counterfeiting and fraudulent transactions. It is not rare to hear of counterfeit fiat money entering the public circulation of money, further eroding the currency's value by artificially inflating the supply of money. Counterfeiting is impossible on the blockchain since no new fraudulent transactions can be made.

To validate a fraudulent transaction, the people involved in that instance of fraud must have majority control of the network, which means they must control 51 percent of the validation nodes available in the network, which is extremely unlikely, especially for decentralized established currencies like Bitcoin, Ethereum, and Litecoin.

2.3 THE DOUBLE-SPEND DILEMMA

Due to the double-spend problem, digital currencies were formerly thought to be impossible. The problem with double-spending is that it's difficult to assure that a single unit of digital money can't be spent twice at the same time. Each unit of digital money must have a unique identification and must not be duplicated for digital currencies to work.

If digital currencies are unable to solve the double-spend problem, the outcomes will be similar to counterfeiting, in which a fresh quantity of currency is artificially manufactured and placed into circulation. This will result in inflation, eroding the value of the currencies owned by legitimate owners. Each blockchain's cryptographic hash algorithms will make it easier to reject fraudulent and double-spend transactions, which was crucial in allowing cryptocurrencies to become a genuine store of value.

2.4 PROOF-OF-WORK MECHANISM

The majority of cryptocurrency blockchains use the proof of work (PoW) process, in which miners contribute computational power to the blockchain's network in order to validate blocks and permit the creation of new blocks.

A mathematical challenge must be solved by the entire network in order for a new block to be formed, which will take a lot of computer power. Miners are so critical to the success of any blockchain. They are compensated with a block reward in exchange for their processing power. The block rewards for Bitcoin and Ethereum are 6.25 BTC and 3 Ethers, respectively.

While the PoW protocol serves as the primary security protocol for blockchain networks, it is not without weaknesses. To begin with, the protocol necessitates a significant amount of computational power, implying that block rewards will be concentrated in the hands of larger-scale miners.

Some might say that this would go against the original ideas of financial independence and equality that cryptocurrencies were founded on. Some concerns have also been raised regarding potential environmental pollution caused by the amount of power consumed by mining operations across the world.

Unfortunately, as network usage expands, cryptocurrencies that rely on the PoW algorithm will likely continue to consume more electricity. Regardless, PoW certainly has merit due to its ability to ensure the integrity and security of networks. These concerns have led to some projects using the Proof-of-Stake mechanism instead, which uses staking instead of mining to power networks. More about Proof-of-Stake will be discussed below.

2.5 SECURITY VIA POW

The PoW consensus algorithm ensures the network's security, immutability, and equitability. To begin with, transaction fees serve as a deterrent to malevolent actors seeking to overwhelm the network with spam transactions.

As a result, cluttering the network will be extremely costly. Furthermore, the transactions on the network cannot be falsified, eliminating the danger of fraud.

The Bitcoin network is highly decentralized, which means that thousands of Bitcoin nodes are strewn throughout the globe, each scrutinizing every piece of incoming transaction data and rejecting all fraudulent transactions. This is the most effective defense against Distributed Denial-of-Service (DDoS) attacks launched by hackers.

One of the few problems with Bitcoin is that it is still vulnerable to 51 percent attacks. When attackers get control of 51 percent of the network's mining resources, they gain control of the majority of the network's processing capacity.

By reversing transactions, they can keep track of the transactions that are authenticated and applied to the blockchain. While technically viable, carrying out the attack would be nearly difficult due to the enormous cost of setting up sufficiently powerful mining facilities to carry out the attack.

Furthermore, while attackers might hypothetically organize a 51 percent attack against the network, gaining control of the network would be unproductive because the cryptocurrency would most likely see a massive price drop and lose its reputation as a safe cryptocurrency.

As investors abandons that particular cryptocurrency, the attackers will be left with a network that is essentially useless and discarded.

As a result, attacks on the Bitcoin network are both monetarily and technically impossible, making it one of the most secure digital currencies available today.

Bitcoin also gives anonymity to those who make transactions. While every wallet address from every transaction is published on the blockchain, addresses are not linked to individual identities as no form of identity is necessary to create a wallet. If you keep your wallet address hidden, all of your transactions will be anonymous.

2.6 PROOF-OF-STAKE MECHANISM

The Proof-of-Stake (PoS) mechanism is predicted to cut electricity costs by 99.9% as mining operations are taken out of the equation. Holders of cryptocurrencies can use this system to stake their assets in order to power a node that will be utilized by the network to validate transactions.

This provides a strong value proposition for investors, in addition to better sustainability. This is due to the fact that as investors stake their assets, the circulating supply decreases, resulting in an artificial drop in the cryptocurrency's supply. Maintaining continuous demand will result in upward pricing pressures, resulting in increased value for investors.

The Ethereum network is making one of the most widespread transitions to PoS. Ethereum 2.0 aims to convert the whole Ethereum network to a proof-of-stake (PoS) system. Ethereum is predicted to achieve unprecedented levels of scalability and sustainability, thanks to the sharding mechanism, which divides the blockchain into 64 concurrently running chains.

CHAPTER THREE

BLOCKCHAIN – A FORCE OF DISRUPTION

"Blockchain technology could change our world more than people imagine."

- Jack Ma, Founder of Alibaba

The applications of cryptocurrencies and blockchain are limitless, and they are likely to disrupt a wide range of sectors. In this chapter, we'll look at how cryptocurrencies can have a significant impact on standard operating systems.

3.1 BLOCKCHAIN'S WORKING MECHANISM: CRYPTOGRAPHY

Before we discuss the real-world applications of blockchain, let us first gain an elementary understanding on the fundamentals of blockchain's working mechanism. Cryptography, in the context of blockchain, refers to the encoding of sensitive data using exceedingly complex mathematical puzzles to produce data that is computationally stable and immutable. A cryptographic hash is a mathematical algorithm that produces a hash output from blockchain messages, documents, or data.

The output of the input "the red fox jumps over the blue dog" is "DFCD 3453 BBEA 788A 751A 696C 24D9 7009 CA99 2D17." Surprisingly, each code does not represent a single word, and even tiny changes to the initial message might have a big impact on the final result.

When the mathematical algorithm is applied to the phrase "the red fox jumps ouer the blue dog," the output is "0086 46BB FB7D CBE2 823C ACC7 6CD1 90B1 EE6E 3ABC." The avalanche effect describes how a tiny adjustment can result in a completely different outcome.

The following qualities of a cryptographic hash function indicate that it will be able to give the highest level of security to its blockchain. The function must be deterministic, which means that it should always return the same result when the same message is passed through it.

As each block contains a cryptographic hash of the preceding block, the integrity of the data in the blockchain can be tested and preserved with each new addition of a block. Finally, no two messages should have the same hash value, as this may cause confusion and misleading messages to be recorded.

All of this, combined with the utilization of the avalanche effect, makes blockchains one of the most secure data storage systems accessible.

3.2 AUTO-ENFORCED SMART CONTRACTS

With the launch of the Ethereum network, smart contract capabilities were initially examined. They may be run on the Ethereum Virtual Machine runtime environment, which allows customized Solidity programs to be built. Anyone can make a smart contract by writing their logic onto the blockchain, and a trigger can be inserted in the code to notify when a transaction is completed. For example, when a person receives the products for which he paid, he can design a code to carry out a transaction. The vendor could then set off the trigger by presenting proof of delivery. The seller would then be compensated promptly after fulfilling his half of the transaction thanks to the smart contract.

Stakeholders will be able to implement contract terms automatically once specified terms are met thanks to smart contracts. In the legal realm, this has a lot of ramifications. To begin with, legal contracts are frequently contested since their terms are left open to interpretation.

Due to the possibility of debating how the contract provisions are construed, those participating in the contract may be subjected to lengthy legal proceedings, which are costly and frequently result in less desirable outcomes.

All terminology used in the creation of smart contracts are logic-based and will not be subject to any deviations in how they are read. As a result, contract stakeholders can rest certain that their initial agreement will be upheld, and neither party of the deal will be at risk of losing out on the contract's conditions.

Smart contracts' automatic and stringent logic-based execution will put cryptocurrencies with strong smart contract principles in an excellent position to effect change in a variety of industries, including insurance, legal, and goods and services.

3.3 DECENTRALIZED FINANCE

Decentralized finance (DeFi) is projected to change the financial industry drastically in the future. Previously, huge financial organizations were the only ones who could afford to make loans and profit from them.

DeFi's decentralized structure is anticipated to revolutionize all of that, letting individuals to act as their own banks and issue loans in exchange for premium profits previously only available to institutions. DeFi will progressively become a bigger rival to global financial markets as it grows, potentially leveling the playing field in the financial industry in the future.

DeFi platforms provide investors with financial products that were previously only available to institutional investors. Institutional and ordinary investors alike have been attracted to the high returns and idea of managing your own money. As a result, the DeFi market has developed dramatically, with over $11 billion invested in DeFi-related financial products at the start of 2021.

3.4 NON-FUNGIBLE TOKENS (NFTS)

Non-divisible tokens, or NFTs, were established on Ethereum to represent digital art, virtual real estate, and in-game goods, allowing customers to acquire tokens that definitively represent ownership of digital items. NFTs have traded for millions of dollars in Ether, with the most valued digital versions fetching millions.

Although some have disregarded this sort of Ethereum use as a passing novelty, it is progressively making its way into popular use. Christie's has begun to offer NFT artwork, showing its acceptance as a means of representing digital properties, due to the uniqueness of these tokens and their depictions. Several well-known players in the cryptocurrency field, such as Mark Cuban and Elon Musk, are among the many people who have become involved with NFTs.

The widespread coverage of NFTs has also drew a lot of outside attention to this new digital asset form. To give you an idea of the size of the rise, $93 million worth of NFTs were sold in the fourth quarter of 2020. In the first quarter of 2021, the figure climbed by almost 2,100 percent, with upwards of $2 billion spent on NFTs. With so much interest in NFTs, it's critical for investors to grasp what they are and what function they will play as a financial asset in the future.

NFTs have sparked a lot of celebrity interest, which has helped them gain traction among current and potential cryptocurrency investors. Mark Cuban, for example, is quite vocal about his investments in both blockchain technology and NFTs. He is well-known for his investments in NFT platforms like as OpenSea, Mintable, and SuperRare. If he had the chance to start over, he stated he would "focus his firm around blockchain technology, smart contracts, and NFTs."

Gary Vaynerchuk, one of the most well-known social media figures in the world, appears to have recognized the potential of NFTs. He has a number of posts on his website outlining what they are and how he

expects them to have a positive impact on society in the future. His unwavering trust in their potential is seen in the numerous NFT videos he has released on his YouTube account, the most of which are aimed at promoting awareness. He's also used his large online following to draw a lot of attention to his own NFT initiative, VeeFriends.

For the first time in history, digital files can be represented as non-fungible assets, which could also be a huge game changer to the arts sector. With the rise in the representation of digital assets, a larger section of our lives may become digitalized in the future, with blockchain technology enabling this transition in digitalization.

3.5 ADOPTION AT THE ENTERPRISE LEVEL

The number of entities who want to include cryptocurrencies into their ecosystems is growing by the day, and corporations are among them. Despite openly criticizing the general cryptocurrency markets in the early days, traditional financial institutions are increasingly adopting blockchain technology and aggressively investing in blockchain research.

Many firms are experimenting with blockchain and cryptocurrencies to better their company operations, including JP Morgan, Barclays, UBS, Amazon, Microsoft, IBM, and Deloitte. As a result, businesses are likely to be a source of Ether demand in the future, which bodes well for the entire value proposition of cryptocurrency markets.

CHAPTER FOUR

ADDING CRYPTOCURRENCIES TO YOUR INVESTMENT PORTFOLIO

“The best time to plant a tree was 20 years ago. The second best time is now.”

- Chinese Proverb

Before we discuss the idea of adding cryptocurrencies into your investment portfolio, I would first like to address the quote above. Many individuals look upon the significant rise in cryptocurrency asset prices and decide that it is too late to enter. They believe that after all, the opportunity to profit from the bulk of the gains has gone by.

Thus, they choose not to invest instead. This has been a common thought process shared by investors ever since cryptocurrencies were first established as an asset class. As mentioned above, investing in cryptocurrencies is akin to investing in the Internet when it was first established. It is still not too late to invest and while you can choose to regret not investing years ago, the best thing that you can do now is to look forward and start taking up a position in this promising financial instrument.

New investors have been flocking to the market as the value of cryptocurrencies has skyrocketed. All of them are looking to make a profit off the growth of the cryptocurrency market, and in this chapter, we'll look at how the cryptocurrency market differs from regular stock markets and how you may get started investing in cryptocurrencies.

4.1 TAKING UP YOUR FIRST POSITIONS IN CRYPTOCURRENCIES

To begin, look for an exchange that provides fiat-to-cryptocurrency conversion services. Coinbase and Kraken are two such exchanges where you can deposit fiat money to buy cryptocurrency.

These exchanges usually only sell the most well-known cryptocurrencies, which are thought to be safer investments. You'll need to move your cryptocurrencies to an exchange that enables cryptocurrency trades to your preferred altcoin if you want to buy altcoins that aren't available on your fiat-to-crypto exchange.

You'll need to transfer your cryptocurrencies to a cryptocurrency exchange like Binance or KuCoin to trade them for altcoins.

Both of these exchanges have a variety of trading pairs that you may use to get your preferred altcoin. As altcoin availability varies by exchange, go to coinmarketcap.com to see which exchanges support trading of your preferred altcoin.

Each of these cryptocurrency exchanges often allows transactions to be made in Bitcoin, Ethereum, and other stable coins such as USDT.

A trading fee, which varies by exchange, will be applied to each transaction. You'll be able to carry out transactions in a number of different methods. You can choose between a limit and a market order. A limit order allows you to buy or sell cryptocurrencies at a specific price.

This means that buy orders will only be filled at or below your maximum price, while sell orders will only be filled at or above it. As a result, you can rest assured that every purchase will be executed at the price you choose. However, if the cryptocurrency price does not meet your limit price, you may miss out on performing a profitable trade. Successful traders who wish to profit from short-term market volatility

frequently employ limit orders.

You can also place a market order if you wish to. The current market price will be used to execute market orders. This implies that you will be able to buy and sell assets right away. As modest price movements have little impact on your overall investment, long-term investors frequently employ market orders. This may result in a minor increase in the price of cryptocurrency, but it will ensure that your market orders are filled.

4.2 BIDS AND ASKS

The prices of any cryptocurrency are determined by supply and demand variables. On a cryptocurrency exchange, two primary values of each currency can be found, and they are referred to as the bid and ask price. The bid price is the highest amount a buyer is ready to pay for a unit of cryptocurrency, while the ask price is the lowest amount a seller is willing to take. Many bids and asks will be made, all of which will be set up by limit orders put by other investors or traders on the site. When you use market orders to buy cryptocurrencies, you pay the current lowest ask price per unit, and when you sell, you get the highest bid price per unit.

4.3 BULL MARKET DRIVEN BY AN INFLUX OF INVESTORS

The world was affected by Covid-19, which resulted in a fall in business productivity across the board. Demand for goods and services declined as a result of lockdowns and social distancing guidelines, which is an unusual occurrence. Retailers throughout the world were forced to lock their doors, and supply chains were backed up or even halted. Low economic activity suggested a likely rerun of the Great Depression, when unemployment reached new highs and wages dropped. As economies slow, investors would logically expect the stock market to fall. Many of the world's developed economies' GDP figures seemed to back up the idea.

Instead of asset values collapsing, the market is stronger than ever, with the cryptocurrency and stock markets reaching all-time highs. This could be due to the government's rapid response in providing financial assistance to businesses in order to keep them afloat during these difficult times. Furthermore, several governments depleted their reserves and handed cash to households to help them cope with what appeared to be a one-time black swan event.

The United States, in particular, has led the world in a number of stimulus-based attempts to help the economy recover. This resulted in a significant increase in the market money supply, which is thought to have pushed asset prices further higher. In addition, commission-free investment apps like Robinhood have made retail investing accessible to a large number of people all over the world. Thousands of people signed up for the program and began investing in financial products.

The availability of low-barrier-to-entry investment platforms has changed the way financial markets operate dramatically. Institutional investors will be able to access resources that were previously solely available to them. Data was easily exchanged because there were so many potential investors. A wave of new investment discussion groups

has sprung up on the Internet, allowing everyday investors to swiftly learn how financial markets function and how to benefit from their investments.

People began to have more free time, which they could devote to learning about investing and spreading investment awareness. Furthermore, stimulus checks found that potential investors who previously lacked the financial means to invest now have a substantial sum with which to begin. All of these variables could have influenced the current strength of the cryptocurrency and stock markets.

4.4 WHAT CAN YOU EXPECT FROM YOUR CRYPTOCURRENCY INVESTMENTS?

Almost every other sector experienced asset appreciation rates that were unmatched to the technology sector's. As massive quantities of money flooded into these stocks in 2020, it was not uncommon for investors to see their investments double or triple in value in only a few weeks. This could be attributed to the industry's extraordinary growth rates, which have seen even the industry's behemoths with 12-figure market capitalizations increase at double-digit rates year after year.

These massive figures appeared to show no indications of slowing down, as industries outside of technology typically relied on these technological organizations for some form of service to run their businesses. As tech stocks frequently beat the S&P500, they quickly became the go-to investment for novice retail investors. Tech stocks also developed a cult-like following, attracting a large number of investors.

As a result, new investors today favor growth assets over value assets in disproportionate amounts. Growth stocks were financial instruments purchased by investors with the expectation of great future growth. Growth firms have high profitability-to-equity ratios, little or no profitability, and inflated market capitalizations that aren't supported by their current fundamentals. Two instances of growth stocks are Tesla and Uber. Tesla stock has increased in value by more than tenfold in the last year, illustrating the sector's potential as well as the stock's demand.

Cryptocurrency has begun to emerge as a probable candidate for becoming the next premier speculative asset to invest in as new and old investors become more prepared to participate in hazardous assets. Some Bitcoin supporters may passionately argue that certain enterprises in the space have inherent worth and are thus reasonably

priced. However, a cursory look into cryptocurrencies reveals the terrible fact that most are still in their infancy, with only a small portion of their true potential untapped. Only a small percentage of Bitcoin initiatives have begun to gain widespread adoption. As a result, investors should focus their efforts on identifying the best blockchain-based businesses with good foundations and a strong team of engineers working to bring their concept to market.

4.5 A SHIFT IN PUBLIC OPINION TOWARDS CRYPTOCURRENCIES

In early 2017, cryptocurrencies were still a relatively new technology that had yet to acquire popular adoption, and the vast majority of the people had never heard of them. Much of the relevant cryptocurrency coverage focuses solely on Bitcoin. However, in recent years, the media, institutional investors, and the general public have come to recognize the enormous potential that exists in the many emerging cryptocurrency ventures.

4.5.1 BEFORE CRYPTOCURRENCIES EXPLODED INTO THE MAINSTREAM IN 2018

Major financial institutions forcefully discouraged investors from buying in this risky and "destructive" product with "zero fundamental value" during the late-2017 cryptocurrency market surge. Transfers to bitcoin exchanges have also been observed to be prohibited by banks. Media publications blasted the cryptocurrency business as a Ponzi scheme, claiming that it was being used to encourage illegal activity and recommending investors to avoid the commodity. The price crash in 2018 only gave gasoline to the idea that cryptocurrencies are nothing more than high-risk investments.

J.P. Morgan CEO Jamie Dimon, for example, famously referred to cryptocurrencies as "fraud." Kevin O' Leary, a well-known investor and TV personality best known for his involvement on Shark Tank, called Bitcoin "trash" and compared it to a "giant-nothing burger," implying that it had no value. Both of these viewpoints on cryptocurrencies will be significant in terms of how corporate and media perceptions of cryptocurrencies evolve in the future. Today, Kevin O’ Leary publicly endorses Bitcoin and encourages investors to divert a portion of their portfolios toward cryptocurrencies.

4.5.2 THE BURST OF THE BUBBLE IN 2018

THROUGH LATE 2020

The media frequently projected a bleak picture of cryptocurrencies as a result of severe price drops and uncontrolled initial coin offerings (ICOs) that resulted in large losses for investors. In the year 2020, Bitcoin has been pronounced dead 11 times. Although Bitcoin may have been the focus of several of these stories, the overall cryptocurrency markets were almost certainly included as well, as the bulk of the public equated cryptocurrencies with Bitcoin.

To dissuade criminal activities, bitcoin exchanges tightened their security protocols, such as Know-Your-Customer regulations. A spate of measures that affect this asset class have also been passed. For example, the Securities and Exchange Commission (SEC) of the United States filed illegal ICO proceedings and attempted to classify Ripple as a security.

Coinbase Inc., one of the most popular cryptocurrency exchanges today, is likewise regulated by the SEC. To summarize, asset classes changed from their "wild west" days to a more controlled world throughout this time period, producing a far more advantageous climate for investors to invest in.

The most promising ideas were able to withstand the crash and continue development during this time. This was the time when cryptocurrencies and blockchain technology began to gain respectability, attracting the attention of a wide range of institutional and ordinary investors.

The common impression of cryptocurrencies began to move slowly but steadily towards connecting them with their good technological features rather than their negative past as awareness and knowledge about the technical side of the cryptocurrency field spread.

4.5.3 BEYOND 2021

By late 2020, cryptocurrencies will have gained widespread acceptance as a new legal asset class, with institutional money

regularly flowing into projects such as Bitcoin and Ethereum. In a surprising turn of events, Kevin O' Leary said that cryptocurrencies Ethereum and Bitcoin now account for 3% of his portfolio.

Many significant personalities throughout the world changed their minds about cryptocurrencies in the first quarter of 2021. Another example is J.P. Morgan's estimate that the stock market might climb up to three times from its current level. Customers can also invest in cryptocurrencies through structured note offers, which they've made available to them.

Since its debut, the popularity of cryptocurrencies as an asset class has advanced considerably, and it's probable that institutional interest in Ethereum has now surpassed that of regular investors.

4.6 EXPANDING INTEREST FROM INSTITUTIONAL INVESTORS

A considerable number of hedge funds, banks, tech corporations, and even pension fund managers officially proclaimed their interest in cryptocurrencies in 2021, signifying a significant shift in institutional interest. In the world of institutional bitcoin investing, Grayscale is the most well-known name among institutional investors.

They have introduced investing trust solutions for key cryptocurrencies including Bitcoin, Ethereum, and Litecoin with great success. Grayscale currently has tens of billions of dollars invested, illustrating the tremendous amount of institutional money streaming into the asset class.

Cryptocurrencies should be incorporated in a modest fraction of most investors' portfolios as an investment opportunity and a hedge against the dollar, according to many key figures in the financial industry. This viewpoint on cryptocurrency is vastly different from that of the financial world just five years ago.

Blackrock, which manages $8.7 trillion in assets, is a major newcomer to the sector, having recently announced the inclusion of cryptocurrencies in its portfolio. Tesla’s announcement of making a $1.5 billion Bitcoin acquisition also indicates a possible new source of demand from firms eager to trade cash for assets. All of this suggests that the asset class has undergone a quick transformation and no longer exhibits the same negative qualities as before.

4.7 INVESTING SUCCESS STORIES

The meteoric rise of the cryptocurrency market has created numerous investing success stories. Most of the individuals featured in the stories below were able to achieve astronomical returns due to being able to identify trends and rising projects in cryptocurrency. Of course, we cannot leave out the factor of luck that allowed them to generate significant profits off their investments.

4.7.1 MANAGER AT GOLDMAN SACHS RETIRING OFF DOGECOIN

A manager at Goldman Sachs made headlines after resigning after profiting millions off his investments in Dogecoin. He was adept at recognizing the opportunity in investing in Dogecoin, which provided him with significant returns after numerous high-profile individuals such as Elon Musk and Mark Cuban came out in support for it. Due to this investment play, he was able to retire much earlier than expected and is probably now living his life on his own terms.

4.7.2 25-YEAR-OLD MILLIONAIRE

Cooper Turley was just 21 when he decided to start investing in cryptocurrencies. This was back in 2017. During the 2018 crash, the value of his investments plummeted. However, he found himself being fascinated with cryptocurrencies and became more determined to invest in this new technology. As the cryptocurrency market crashed to its all-time lows in 2018, he started to invest his entire income into Ethereum at around $100 per unit. By having conviction in his beliefs, his efforts paid off and he now has a seven-figure net worth.

4.7.3 TEENAGE BITCOIN MILLIONAIRE

Erik Finman was very different from the average teenager. When presented with a $1,000 gift when he was 12, he opted to invest in Bitcoin instead of purchasing the latest video games or gadgets.

Just two years later, he sold his Bitcoins at a significant profit which allowed him to launch his own video tutoring company at the ripe old age of 14. His company was quickly noticed by investors who offered him either $100,000 or 300 Bitcoins in exchange for his company.

Once more, Erik stood true to his beliefs and took the Bitcoins. He made a bet with his parents that if he became a millionaire by the time that he was 18, he did not have to go to college. Needless to say, he was able to skip college altogether, and became one of the youngest Bitcoin millionaires in the world.

4.8 AN OBJECTIVE EVALUATION OF WHETHER YOU SHOULD INVEST IN CRYPTOCURRENCIES

The answer to the question of whether or not you should invest in cryptocurrencies is a resounding yes. When you invest in a cryptocurrency project, you are indirectly supporting blockchain technology and its potential for future adoption. As previously stated, it is apparent that blockchain technology will become one of the most defining technologies of the twenty-first century, and that investing early in this field would certainly yield handsome profits.

Due to the fact that the cryptocurrency market is still relatively young, investors should proceed with care. Cryptocurrency investments are more volatile and carry more risks, but they also have the potential to provide higher rewards.

Cryptocurrencies can be included in a small percentage of an investor's portfolio, such as 5-10%. Over the next few years, investing in established cryptocurrencies with strong foundations, such as Ethereum and Bitcoin, is anticipated to yield a healthy rate of return. If you have a higher risk appetite, however, investing in projects with a smaller market capitalization may be a better fit because you will be able to benefit from greater value appreciation.

It is critical, however, that you perform thorough research on the projects in which you wish to invest. The amount of development for the project, the progress of adoption, and if the project has met its anticipated roadmap milestones thus far are all critical considerations to examine before making an investment. If you agree with a cryptocurrency project's goals and believe that its team will be able to effectively use blockchain to achieve those goals, you should then begin investing in it.

CHAPTER FIVE

IDENTIFYING HIDDEN ALTCOIN GEMS

"Investing without research is like playing stud poker and never looking at the cards."

- Peter Lynch

Investors can diversify their mainstream bitcoin holdings with alternative coins because there are different crypto investment options with varying risks and opportunities. Alternative coins, often known as altcoins, are non-Bitcoin cryptocurrencies. The goal of altcoins is usually to build a better or alternative version of bitcoin. Each cryptocurrency excels at something specific, and they are distinguished from Bitcoin in terms of how they are mined.

When searching for hidden cryptocurrency gems, keep the following metrics in mind.

5.1 PROJECT METRICS (WHITEPAPER, TEAM MEMBERS, AND TOKENOMICS)

A whitepaper is a document that describes a cryptocurrency project in detail. It outlines the project's objectives, the needs it will answer, the update and new feature plan, and the coin or token production and distribution method. At this stage, it's also vital to identify the projects it'll compete against, as well as the legacy infrastructure it'll replace.

Tokenomics is the science of distributing tokens in order to persuade people to utilize them. It is necessary for the growth of a flourishing token ecosystem that promotes adoption. It looks into the purpose, functioning, use, and distribution of the token.

The way in which the first supplies of the cryptocurrency were allocated is an important point to clarify: Were they raised through an Initial Coin Offering (ICO) or an Initial Exchange Offering (IEO), or could users earn them by mining? The sale of new cryptocurrencies to raise funding is referred to as an "ICO", which draws a parallel to Initial Public Offerings (IPOs) in the stock market. Issuers sell new tokens to interested investors in this sort of crowdfunding.

IEO, on the other hand, is a technique of raising capital for new enterprises by selling new cryptos to investors through a cryptocurrency exchange. IEOs are considered to be safer than ICOs because, unlike ICOs, they are supported by a crypto exchange platform that will extensively analyze the project to verify that it is not a scam. As a result, concentrating on early distribution may provide insight into any potential concerns.

Investors can look at the people behind the cryptocurrency network in addition to the whitepaper and tokenomics. The members' track records can reveal whether the team has the requisite skills to complete the project. Some of the attributes to look for include previous successful endeavors, as well as knowledge and experience. If no team exists, you can check at the developer community to see how

many contributions and activities there are. The project is most likely a scam if it lacks a strong team and an engaged development community. As a result, having a detailed understanding of a project's measurements can help you evaluate its value.

5.2 EVALUATING ON-CHAIN METRICS

An on-chain analysis is a method for determining the utility value of cryptocurrencies that is fundamentally driven. It can be used to compare numerous crypto assets to find inexpensive coins, or it can be used to look at historical trends to focus just on one crypto asset. The number of active addresses and transactions are two measures of the demand and utilization of a blockchain network. The price frequently climbs in lockstep with the number of active addresses and transactions.

5.3 EVALUATING FINANCIAL METRICS (MARKET CAPITALIZATION, LIQUIDITY, AND SUPPLY)

One way to see if altcoins are gaining traction and being well-received in the community is to look at their market capitalization. In terms of dollars, it refers to the total value of all available supplies of the cryptocurrency valued based on the last price that it was traded at. The quantity of coins in circulation is multiplied by the dollar exchange rate to calculate market capitalization.

The ease with which an asset can be bought or sold is referred to as liquidity. For instance, we would have no trouble selling a liquid asset at its current market value. One measure that can assist us in determining liquidity is trading volume. It can be calculated in a variety of methods and shows how much money has been exchanged over time. A liquid market is a good indicator of overall market interest and the viability of an investment.

Supply mechanisms such as maximum supply, circulating supply, and inflation rate can all influence your investment decision. Altcoins that issue fewer new units over time, for example, may appeal to investors who predict that demand will outpace supply. Similarly, investors may be interested in token burns. Token burning is the process of withdrawing tokens from circulation permanently, hence lowering the overall supply.

There are a variety of reasons why tokens are burned in this way, but the most common reason is to reduce inflation. Token inflation is a bad thing in general since it raises the danger of token value dilution for regular investors over time. It is a strategy that altcoins are increasingly employing to limit the quantity of coins in circulation and provide greater incentives to investors.

5.4 PICKING UP GENERAL SENTIMENTS

Reading reviews and insights on bitcoin discussion forums is another approach to learn about new cryptocurrency initiatives. For example, BitcoinTalk is the largest cryptocurrency discussion board, where anyone interested in the technical aspects of bitcoin development can interact and share their thoughts. Investors interested in a coin can utilize the platform to assess the project's mood based on the community's support and concerns.

Another place to look for bitcoin information is Reddit. Cryptocurrencies generally have their own subreddit where users can find out about upcoming events, developer updates, and research and forecasts on the token's value. Overall, investors should perform extensive research to pick out any overtly enthusiastic posts or discussions, since they could suggest badly run scam coins.

5.5 INVESTING IN THE SHOVELS OF CRYPTOCURRENCY

There is a famous tale about miners rushing to mine for gold after significant gold reserves were found on a piece of land. However, one intelligent individual chose not to vie with the hundreds of other miners for a limited amount of gold, and had the foresight to sell shovels instead.

This visionary approach allowed him to get extremely rich, as all miners need shovels and they would turn to him anytime they needed a new one. All this happened while the miners toiled for a small share of the gold reserves.

Similar to this story, you may consider investing in the shovels of cryptocurrencies. In cryptocurrency investing, everyone is going to need to purchase their cryptocurrencies from an exchange.

Shrewd investors noticed early on that the leading investment platform, Binance, had put itself in an excellent position to manage a bulk of all international cryptocurrency investment transactions. Those who then invested in the cryptocurrency released by Binance were able to generate significant profits on their investment.

To illustrate, Binance Coin (BNB) first started trading on July 2017, at about $0.11 each. Within four years, BNB has spiked in value and enjoyed a 400,000% gain and trades at $410 each as of 19 August, 2021.

5.6 HOW YOU SHOULD APPROACH ALTCOIN INVESTING

Altcoins are often thought to be a riskier investment option, but they have the potential to yield substantially higher returns. While some altcoins may experience a significant increase in value, many other projects will fail.

Keeping this in mind, investors should take a more diversified strategy to altcoin investing, acting as a little venture capital firm that spreads a small amount of funds across a bigger number of fresh and potential companies.

By sprinkling your bets, the winners of your altcoin portfolio will earn a sizable profit, some of which may be utilized to offset losses from other cryptocurrency ventures that have failed. As a general guideline, avoid taking a large position in a single cryptocurrency, especially altcoins, and instead diversify your holdings.

5.7 A WORD OF CAUTION

Do not invest in a cryptocurrency merely on the basis of its hype. A strategy known as "pump and dump" is used by many altcoins. This means that the currency's designers create a lot of buzz around a particular coin in order to entice people to invest in it and inflate its value.

When the value of the coin rises, they benefit by selling all of their holdings, causing the price of the coin to fall. As a result, many investors have a slew of useless coins on their hands.

As a result, it is critical to do as much research as possible and only invest in coins issued by businesses with a solid track record and a clear business plan that outlines how the project will benefit investors. After all, finding the proper up-and-coming cryptocurrency project to help you get rich quick is never easy, and novice investors should avoid falling into this easy money trap.

CHAPTER SIX

MANAGING YOUR INVESTMENTS

Success in cryptocurrency investing, like any other financial enterprise, will be determined by how well you manage your portfolio. Because cryptocurrencies are digital, you'll need to choose a storage option that satisfies your security, convenience, and accessibility requirements.

6.1 KEEPING YOUR INVESTMENTS SAFE

The blockchain sector now offers a number of exciting cryptocurrency storage possibilities. Each choice has benefits and drawbacks, so understanding the trade-offs is crucial. Crypto wallets aren't where you save your bitcoins. Instead, they use blockchain transactions to generate the data needed to transfer and receive cryptocurrency. One or more pairs of public and private keys are included in this information.

There is no such thing as a one-size-fits-all solution when it comes to crypto storage. How you save, spend, and invest in cryptocurrencies can influence the storage option you choose. Wallets are divided into two types: hot spending and cool savings.

6.1.1 LEAVING YOUR CRYPTOCURRENCIES ON EXCHANGES

Several studies have been written about how exchanges were hacked to steal large quantities of money from investors. Coincheck, a Japanese cryptocurrency exchange, was hacked in 2018, resulting in the theft of $534 million in cryptocurrency. This was the largest cryptocurrency scam in history, with many investors losing a large sum of money. A large attack was also launched on BitGrail, an Italian exchange notable for being one of the first to offer NANO tokens. More than $195 million in NANO was stolen in February 2018, and investors lost everything they had on the exchange.

The two scenarios above show how dangerous it is to put your money on a trading platform. Exchanges are a major target for hackers due to the enormous quantity of bitcoins housed in their wallets. The exchanges' vulnerability is mostly due to the use of hot wallets, which are connected to the internet and subject to attacks. As a result, you should presume that assets held by exchanges using hot wallets are

insecure, and you should withdraw your cryptocurrencies as quickly as possible.

Some exchanges, on the other hand, are more stable. A notable example of this is Coinbase. They use an offline cold storage wallet to hold all of their money. Because this wallet is completely separated from the Internet, accessing it is practically hard, ensuring that your valuables are safe. If you intend to store cryptocurrencies on an exchange, learn how they store them and what security measures they use. It is advised not to maintain your investments on exchanges for long periods of time if these precautions are insufficient.

6.1.2 HARDWARE WALLETS

The most convenient way to store your cryptocurrency is in a hardware wallet. Hardware wallets are one-of-a-kind devices that hold your private keys, which are used to gain access to your cryptocurrency holdings.

These machines, unlike software wallets, are physically safe and have the added virtue of being virus-resistant. A third party will require your private keys as well as physical possession of your hardware wallet to obtain access to your cryptocurrency.

As a result, your assets are safeguarded by multiple layers of security. There have been no successful thefts of hardware wallets yet. In light of this, the group highly advises investors to obtain a hardware wallet in order to safely safeguard their funds.

Two of the most well-known companies in the industry are Ledger and Trezor. Ledger has shipped over one million hardware wallets and has enabled its wallet to safely store over 1,000 distinct types of coins. Trezor, the first hardware wallet firm, can store a similar range of coins. All of these wallets offer high levels of security and are widely considered the safest option available.

6.1.3 LOSING YOUR PRIVATE KEY

This is a major worry for the majority of people who utilize hardware wallets. If you lose both your private keys and your hardware wallet in the worst-case situation, there is a backup plan in place to help you retrieve your cryptocurrency. A 24-word seed is included with each hardware wallet and must be kept safe. This can be done by writing the seed on a piece of paper and storing it in a secure location. You can use this seed to reclaim your money if you misplace your private keys.

If you lose your seed, key, or hardware wallet, there is no way to recover your properties, and you will lose them forever. As a result, you must take the necessary steps and preserve your 24-word seed. It is not recommended that you store it online, on your phone or on your device, because it is vulnerable to theft. It is therefore strongly recommended that the 24-word seed be physically stored.

Conclusion

“Cryptocurrency will change market structures, and maybe even the architecture of the Internet itself.”

- Abigail Johnson, CEO of Fidelity Investments

With each passing day, the world of cryptocurrencies continues to expand with new developments, and it is arguable that the market is still in the phase of price discovery, as the market is still relatively young. Investors would be wise to enter the market with caution and knowledge, as this might allow them to gain a stake in a nascent industry that has the potential to transform the way the world works.

Many people who previously chose to err on the side of caution have now changed their minds and are now singing the praises of blockchain technology.

It seems undeniable that cryptocurrencies and its accompanying technologies will be remain for a long time and will play a defining role in tech within the next decade or two.

With that, it is hoped that this book has succeeded in introducing you to the fundamentals of blockchain technology as well as assisting you in understanding the inner workings of today's cryptocurrency markets, which would help you to be better positioned to make a profit off the cryptocurrency market.